



Sample Transportation by Drone, Rotterdam, Netherlands

# DELIVERING STRATEGY 27

**Octavian Swiss Seminar**

11 January 2025

**Géraldine Picaud**  
Chief Executive Officer

# Key takeaways

## OUR PRIORITY IS GROWTH

**SGS**  
has changed

**Regions & Business**  
focused on growth

**Sustainability &**  
**Digital Trust**

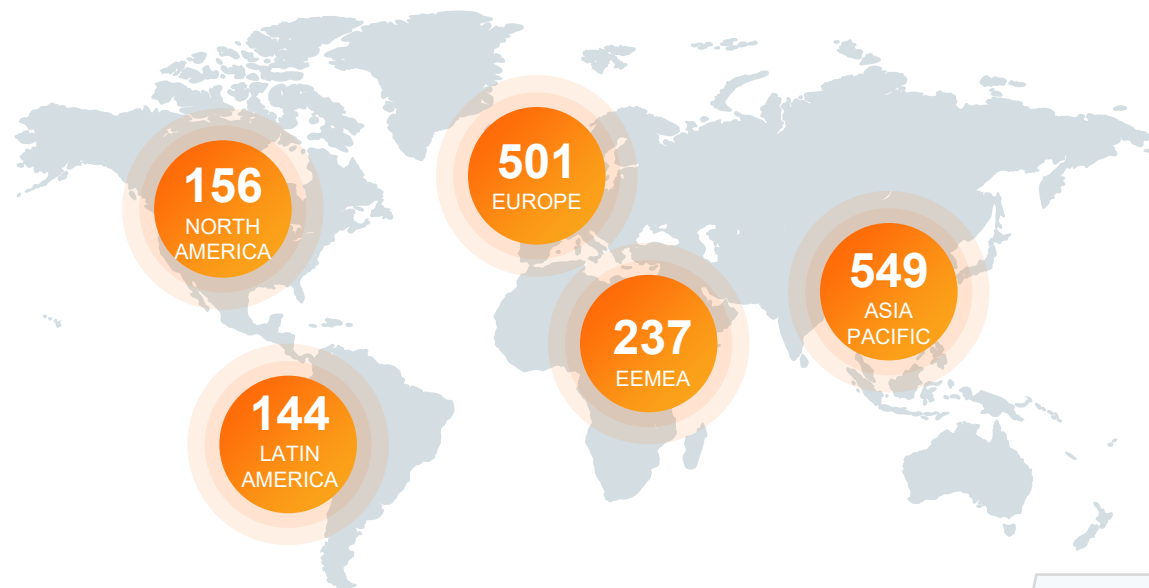
**Leaders**  
empowered to  
deliver

## SGS AT A GLANCE

# Largest service portfolio and global network

Strategy **27**  
Accelerating growth,  
building trust

## SGS labs and operating facilities | November 2024



- › Resilient, recession-proof, not cyclical
- › Largest number of national accreditations globally
- › Top 3 in most activities
- › 145 years of history and scientific expertise
- › Strong pricing power

**SGS**  
When you need to be sure

bright  
sight  
**nutrasource**  
Maine Pointe

bluesign®

**99 240**  
Employees<sup>1</sup>



**1 587**  
Labs & operating facilities



**119**  
countries

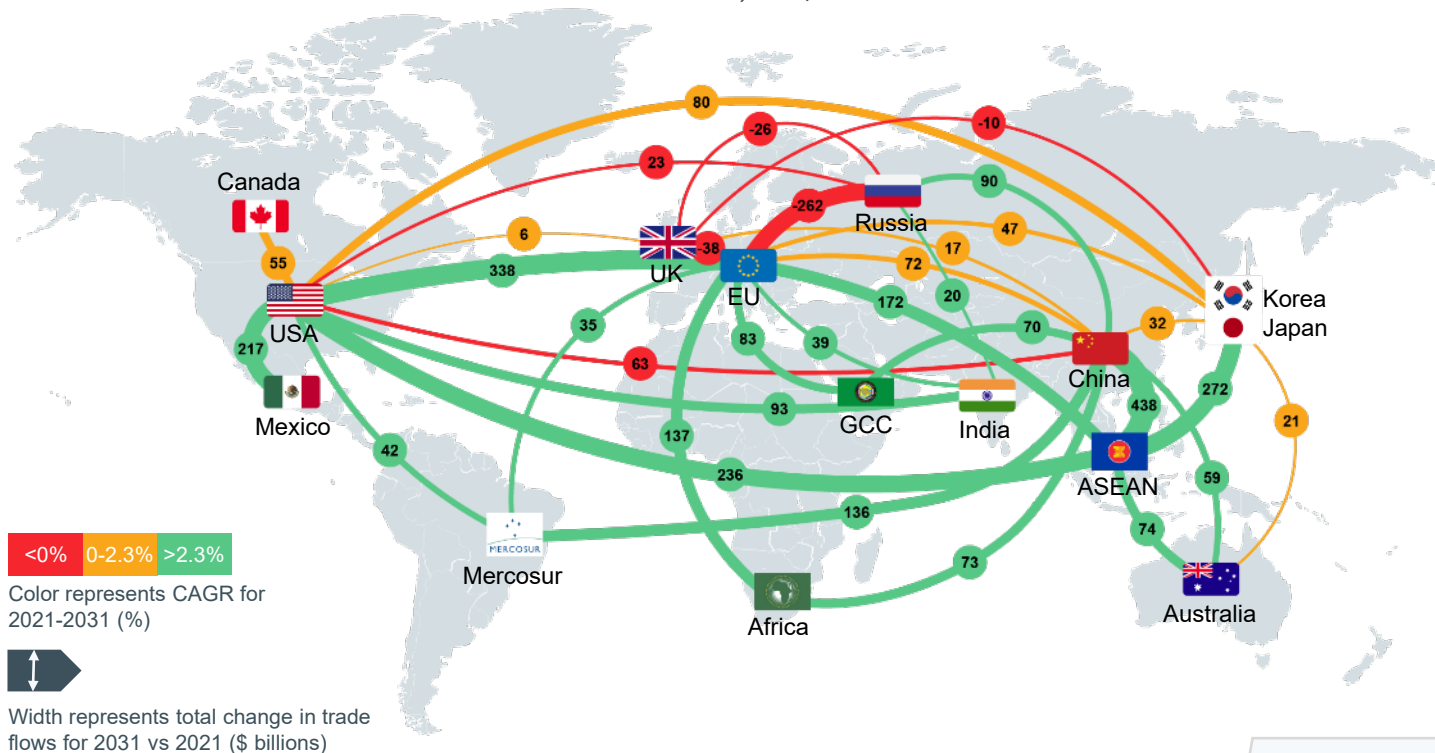


<sup>1</sup> As of October 2024

## SGS AT A GLANCE

# Global network to support clients' supply chain migrations

Change in trade of goods of major corridors<sup>1</sup>  
2031 vs 2021, in \$ billions



➤ SGS is ideally positioned to analyze supply chains, regardless of trade movements:

- Most global TIC network
- Widest end-market coverage
- Superior technical expertise
- Top 3 in key growth areas
- Tailored growth strategy at country level

<sup>1</sup> Source: BCG Global trade

STRATEGY 27: 'ACCELERATING GROWTH, BUILDING TRUST'

# Three value drivers

Strategy **27**  
Accelerating growth,  
building trust



**Growth**



**People,  
performance  
and agility**



**Strong  
financial and  
ESG profile**

STRATEGY 27: 'ACCELERATING GROWTH, BUILDING TRUST'

# Three value drivers: Growth

Strategy **27**  
Accelerating growth,  
building trust



## Growth



People,  
performance  
and agility



Strong  
financial and  
ESG profile

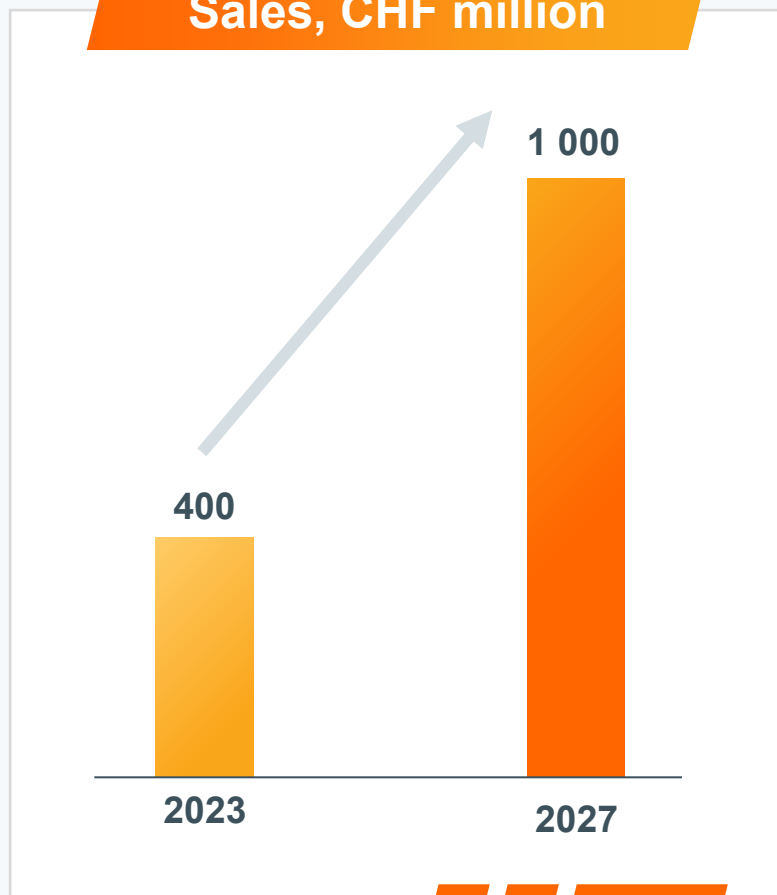
**1** Sustainability

**2** Digital Trust

**3** Portfolio focus

# At least CHF 600 million incremental sales by 2027

## Sales, CHF million

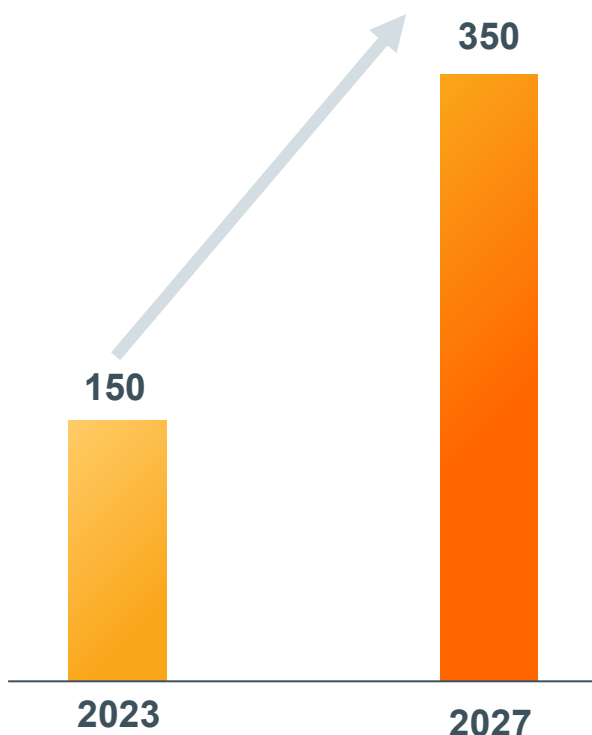


- › New sustainability offering **IMPACT NOW**
- › Supporting clients' sustainability ambitions
- › Four pillars:
  - › Climate
  - › Circularity
  - › Nature
  - › ESG Assurance



# At least CHF 200 million incremental sales by 2027

## Sales, CHF million



## Growth Priorities

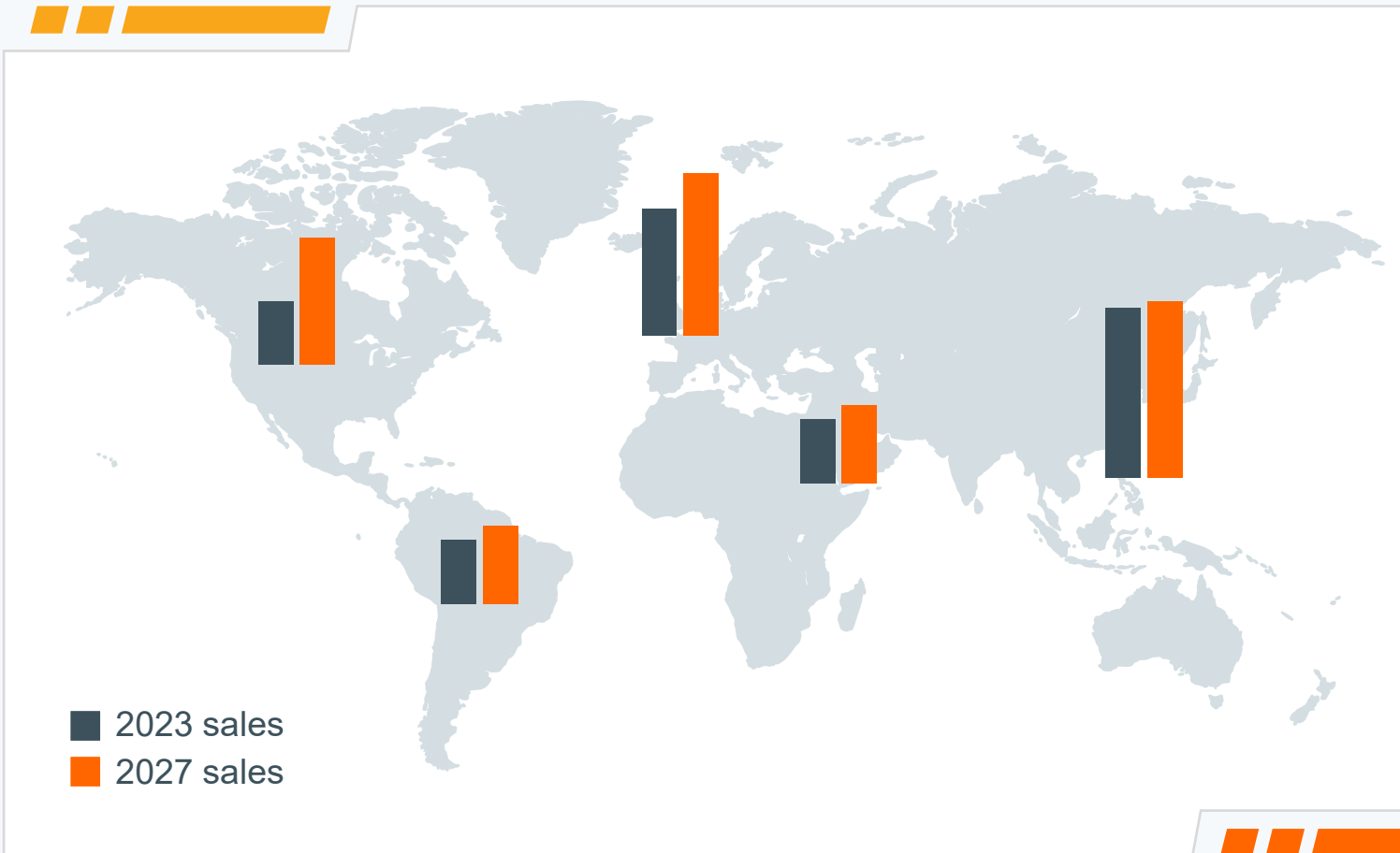
- › High-assurance cybersecurity
- › Data and Artificial Intelligence
- › Digital continuous assurance
- › Operational Technology
- › Post-Quantum technologies

## Industry Priorities

- › Critical infrastructure
- › Medical technology
- › Mobility
- › Wireless
- › Consumer Electronics



# Increasing presence in North America and Europe



- › Benefit from favorable trends due to increased regulations and near-shoring in North America and Europe
- › Double sales in North America by 2027
- › Continue to benefit from the expansion of Asia Pacific's middle classes, particularly in China and India

STRATEGY 27: 'ACCELERATING GROWTH, BUILDING TRUST'

# Three value drivers: People, performance and agility

Strategy **27**  
Accelerating growth,  
building trust



Growth



People,  
performance  
and agility

1

Accountability and  
performance culture

2

New organization

3

Corporate simplification



Strong  
financial and  
ESG profile

# Accountability and performance culture



- › **Talent development** and retention
- › **New incentive scheme** fully aligned with Group targets implemented in February
- › **Accountability and performance culture** to fully leverage SGS's recognized scientific excellence
- › **Local management empowerment**
- › Successful **Senior Leadership Meeting in April 2024**, gathering the 200 top leaders

# New organization with focused and efficient management team



**Géraldine Picaud**

Chief Executive Officer

## Global Functions



**Marta Vlatchkova**  
Chief Financial Officer



**James Roberts**  
Chief People Officer



**David Plaza**  
Chief Information Officer



**Martin Oesch**  
Group General Counsel

## P&L Leaders

### Testing & Inspection



**Steven Du**  
Asia Pacific (AP)



**Malcolm Reid**  
Europe (EUR)



**Teymur Abasov**  
Eastern Europe, Middle East and Africa (EEMEA)

### Testing & Inspection



**Rafael Navazo**  
Latin America (LATAM)



**Derick Govender**  
North America (NAM)

### Certification



**Jeff McDonald**  
Business Assurance (BA)

## Global Business Development



**Charles Ly Wa Hoi**  
Connectivity & Products and Health & Nutrition



**Egidijus Jokubauskas**  
Industries & Environment and Natural Resources



# CHF 150 million organizational efficiencies

**100<sub>m</sub>**  
CHF

## Leaner operating model

- New organization
- Corporate simplification
- Country structure simplification
- >CHF 40 million to be delivered in 2024
- >80% saving plans initiated in 2024



**50<sub>m</sub>**  
CHF

## Procurement savings

- Simplification
- Contracts renegotiation
- Consolidate suppliers
- Consumables harmonization
- Optimize indirect spend



STRATEGY 27: 'ACCELERATING GROWTH, BUILDING TRUST'

# Three value drivers: Strong financial and ESG profile

Strategy **27**  
Accelerating growth,  
building trust



Growth



People,  
performance  
and agility



Strong  
financial and  
ESG profile

1 Financial targets

2 Capital allocation

3 Corporate sustainability  
KPIs

# Delivering attractive shareholder returns

## Mid-term financial targets

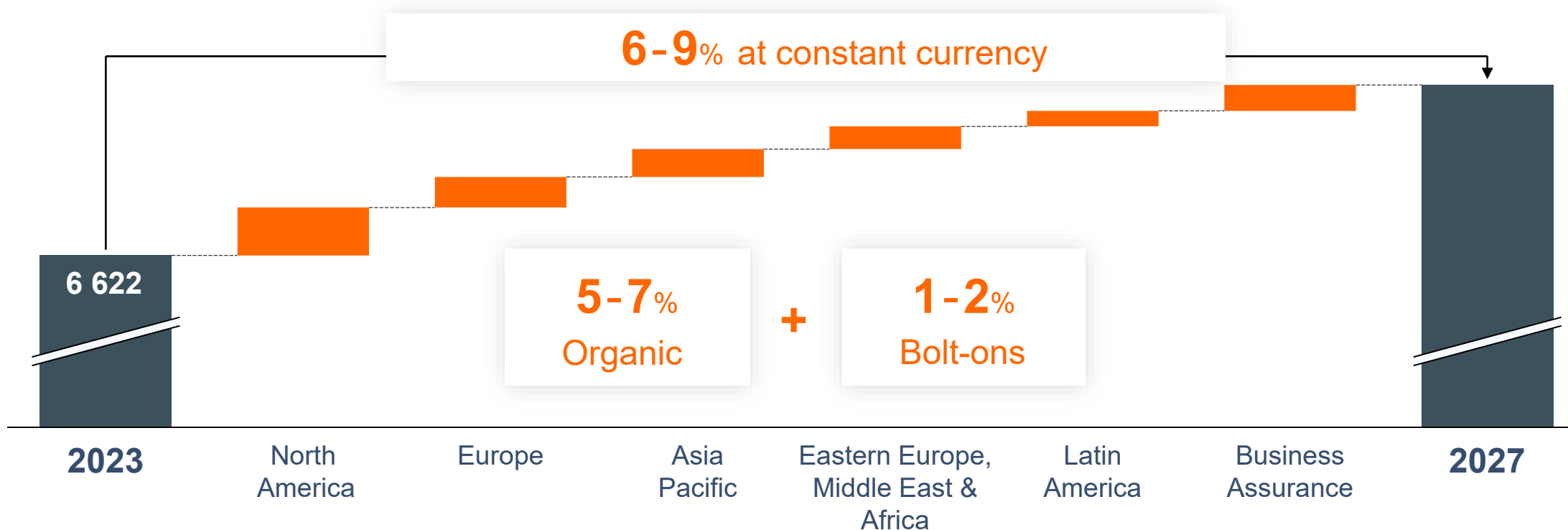
Sales	Adjusted Operating Income margin on sales	Free cash flow After leases and interests
<b>5% - 7%</b> organic growth	Significant improvement <b>&gt; 1.5%</b>	<b>&gt; 50%</b> cash conversion
Annually	By 2027	By 2027

## STRONG FINANCIAL PROFILE

# High growth profile

## Sales bridge

2023 – 2027, CHF million



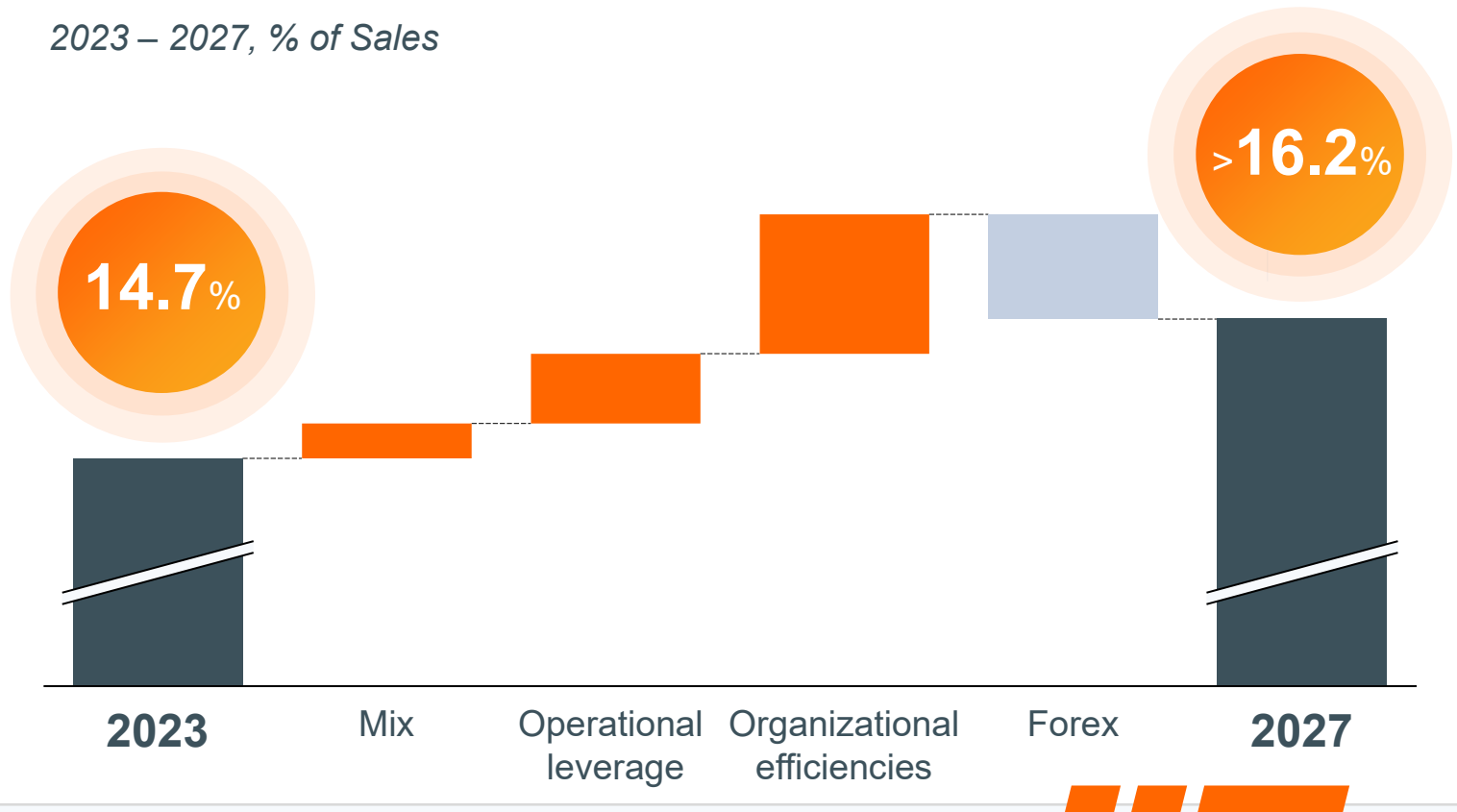


STRONG FINANCIAL PROFILE

# Margin boost of at least 1.5% by 2027

## Adjusted Operating Income margin bridge

2023 – 2027, % of Sales



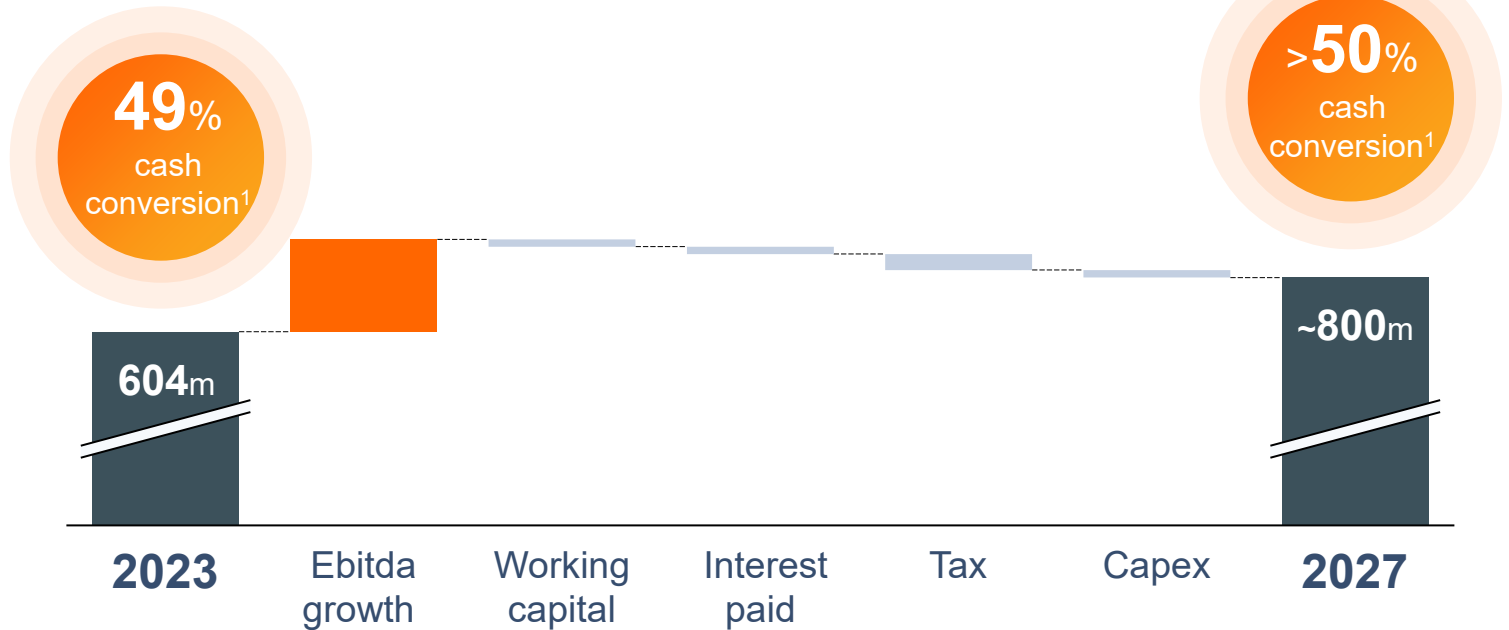
- › Sustainability & Digital Trust drive positive mix
- › Operational leverage from our best-in-class laboratory network
- › Organizational efficiencies through leaner operating model and procurement optimization

## STRONG FINANCIAL PROFILE

# Around 800 million of Free cash flow by 2027

## Free cash flow

2023 – 2027, CHF million

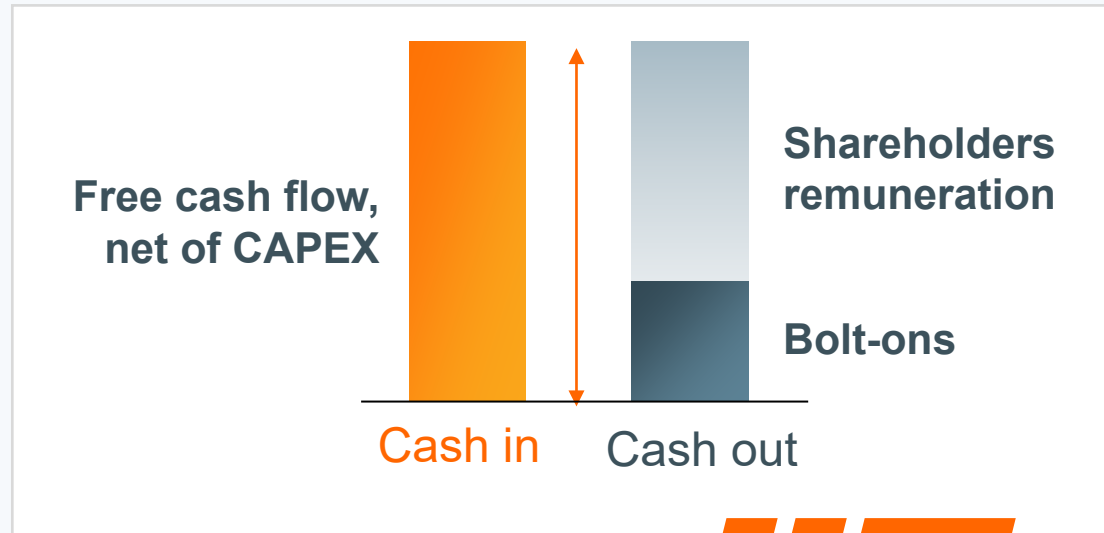


<sup>1</sup> Cash conversion: Free cash flow / (EBITDA – leases)

- › Best-in-class net working capital, below 3% of sales
- › Effective tax rate stable at 26%
- › Disciplined Capex spend, below 4% of Sales

## STRONG FINANCIAL PROFILE

# Capital allocation



## Key Principles

- › Free Cashflow  $\geq$  Bolt-ons + Dividend
- › Strong investment grade maintained
- › Attractive shareholder remuneration

## Principles for investment

- › Bolt-ons
- › Capex
- › ROIC & payback

## Principles for Shareholder remuneration

- › Payout
- › Scrip dividend
- › Opportunistic purchase of treasury shares

## STRONG ESG PROFILE

# Ambitious targets, industry-leading ESG credentials

Strategy **27**  
Accelerating growth,  
building trust

## 2027 sustainability targets

### Environment

#### Environmental leadership

Material progress towards 28% reduction in Scope 3 emissions

### Governance

#### Responsible business

93% customer satisfaction score

### Social

#### Diversity, equity and inclusion

At least one third of leadership positions held by women

#### Education

7 million hours of training per year to employees, clients and communities

## Corporate sustainability recognitions



### TIME Magazine

- Ranked 6<sup>th</sup> Most Sustainable Company in the World
- Included in World's Best Companies of 2024

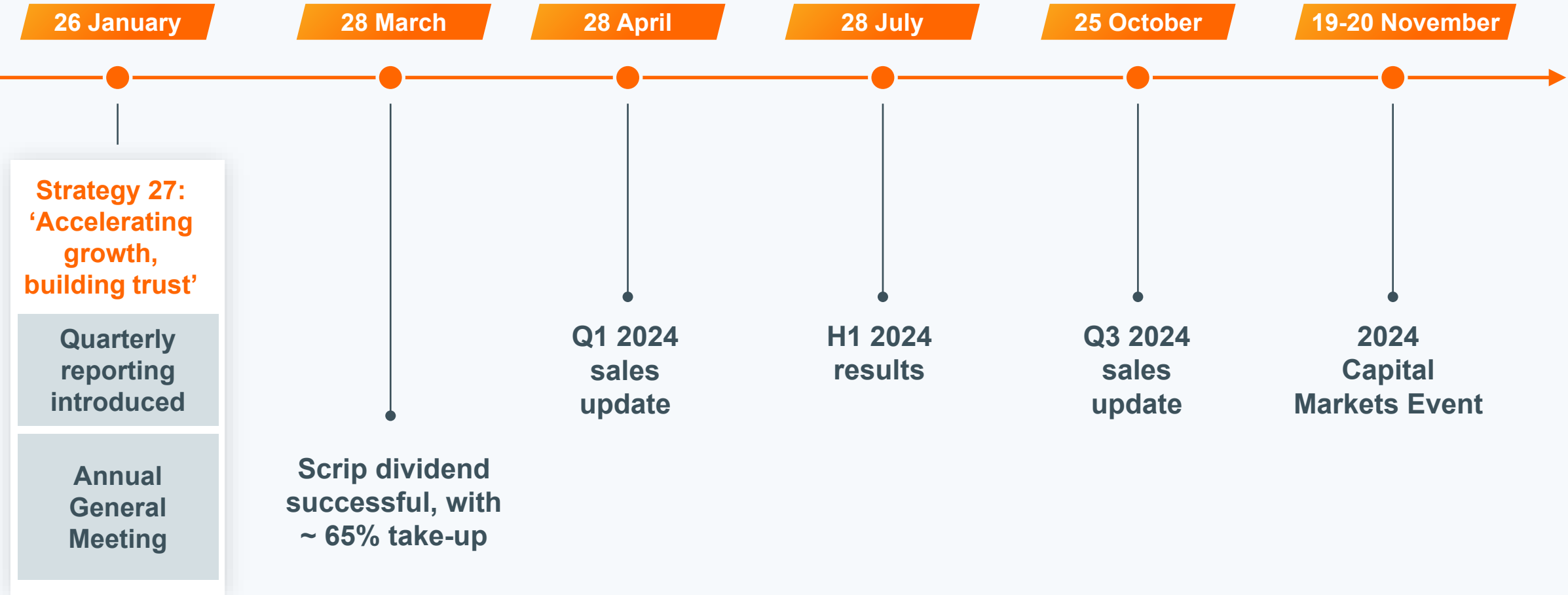


Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA



## KEY ACHIEVEMENTS TO DATE

# Building trust through regular and effective communication



## KEY ACHIEVEMENTS TO DATE

# Accelerating growth

26 January

26 April

24 July

14 October

25 October

5 November

20 November

**Strategy 27:  
'Accelerating  
growth,  
building trust'**

**M&A  
relaunched**

**Sustainability  
transition**

**1<sup>st</sup> acquisition**

› Arclight

**4 acquisitions**

› IEC  
› Gossamer  
› AQM  
› Cromanal

Global  
PFAS campaign

**4 acquisitions**

› Beta Analytic  
› Hazgo  
› Express Solutions  
› AMA Analytics

New sustainability  
offering  
**IMPACT NOW**

**1 acquisition**

› MP Machinery

## KEY ACHIEVEMENTS TO DATE

# Efficient and agile organization implemented

26 January

February

28 March

9-11 April

24 July

25 October

20 November

**Strategy 27:  
'Accelerating  
growth,  
building trust'  
launched**

**CHF 100  
million cost  
savings plan  
announced**

**Talent  
development  
and retention**

**New incentive scheme  
fully aligned with  
Group financial targets**

**Executive  
Committee  
streamlined**

**Organizational  
overlaps  
identified**

**Senior Leadership  
Meeting  
in Paris**

**CHF 9 million  
costs savings  
accounted for at the  
end of June 2024**

**New  
Chief People Officer  
appointed to the  
Executive Committee**

**CHF 35 million  
costs savings  
accounted for at the  
end of October 2024**

# Guidance confirmed

## 2024 outlook

**Sales**

**Mid to high  
single-digit  
organic growth**

**M&A**

**Relaunched**

**Adjusted  
Operating Income  
margin on sales**

**Improvement  
in reported terms**

**Free cash flow  
After leases  
and interests**

**Strong  
generation**



# Key takeaways

## OUR PRIORITY IS GROWTH

**At least  
CHF 600 million  
incremental sales from  
Sustainability by 2027**

**At least  
CHF 200 million  
incremental sales from  
Digital Trust by 2027**

**At least  
CHF 1.4 billion  
sales in North America  
by 2027**

**1% to 2% annual  
contribution to sales  
growth from bolt-on  
acquisitions**

**CHF 150 million  
organizational  
efficiencies**

**Free cash flow to  
fully cover bolt-on  
acquisitions and  
dividends**



Environmental Analysis, Germany

When you need  
**to be sure**